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SUBJECT: VIETNAM OFFICIALS EAGER TO ENTER GSP PROGRAM

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REF: A) Hanoi 233, B) 06 Hanoi 3019

[¶1.](#) (SBU) Summary: In a meeting with USTR visitors, Government of Vietnam officials expressed a strong interest in applying for the GSP program as soon as possible. USTR GSP Executive Director Marideth Sandler explained the GSP program and eligibility criteria to a 25-person forum of government officials and answered their questions. USTR Director for Southeast Asia David Bisbee noted how a TIFA could facilitate the process. Sandler also met with International Labor Organization representatives to discuss GSP-relevant labor rights issues, USAID staff to learn more about their in-country projects, and the World Bank to discuss cooperation on the review of the GSP economic criteria. End Summary.

[¶2.](#) (SBU) U.S. Trade Representative (USTR) Executive Director of the Generalized System of Preferences (GSP) Program Marideth Sandler met with about 25 Government of Vietnam (GVN) officials in Hanoi on February 9. The following agencies attended the briefing, hosted by the Ministry of Trade:

- The Office of the Government (OOG)
- The Ministry of Foreign Affairs (MFA)
- The Ministry of Finance (MOF)
- The Ministry of Labor, Invalids and Social Affairs (MOLISA)
- The Ministry of Agriculture and Rural Development (MARD)
- The National Office for Intellectual Property (NOIP)
- The Vietnam Literary and Artistic Copyright Office (COV)
- The Central Institute for Economic Management (CIEM)
- The Ministry of Trade (MOT)

[¶3.](#) (SBU) Sandler's visit to Vietnam came in response to numerous indications of interest in the GSP program from the GVN. Minister of Trade Tuyen first raised it with USTR Susan Schwab in their November 16 meeting. More recently, Vice Minister of Trade Luong Van Tu requested during their February 1 meeting that Assistant USTR Barbara Weisel consider approving Vietnam as a GSP program beneficiary. Weisel and other USG officials have been very direct in explaining to GVN officials that there are statutory requirements for eligibility for the GSP program, and the United States is interested in helping Vietnam understand the complex process before the GVN formally requests consideration (Ref A). Sandler reiterated those points, described the program's statutory requirements and criteria, particularly those on worker rights and intellectual property rights (IPR), explained the steps in the eligibility review and then fielded questions.

[¶4.](#) (SBU) Dr. Nguyen Van Binh, MOT's Deputy Director General of the Trade Policy Department for the Americas, opened the question and answer period by stating that the GVN is "very interested" in the GSP program. Binh asserted that USTR Schwab told Minister of Trade Tuyen in November that she would put obtaining GSP for Vietnam at

the top of her agenda when she returned to Washington. "So, can we get it?" he asked. Sandler responded that the United States was obligated to follow the statutory requirements in recommending to the President the designation of GSP beneficiary developing countries. There is no way to determine the final outcome or duration of the review until it has begun, Sandler added.

15. (SBU) Officials posed a range of other questions and concerns, most notably related to IPR enforcement, labor rights, tariff preferences and market access. Luong Van Tuong, an officer with the NOIP, asked what criteria would be used to determine the level of IPR protection in Vietnam. Sandler responded that the United States would examine Vietnam's IPR laws and the GVN's IPR enforcement record, and would also review the Special 301 Report on Vietnam's IPR practices. David Bisbee, USTR Director for Southeast Asia, noted that an additional aspect of the GSP eligibility review would be the opportunity for public comments via a U.S. Federal Register notice. He indicated that comments received as part of the ongoing Special 301 Process could be a good indication of the types of IPR-related comments Vietnam might expect if it formally requests eligibility for the GSP program. Ms. Dien Hien Minh of the Central Institute for Economic Management noted the short two-year period of the GSP program's authorization and asked whether it would be useful for Vietnam to seek consideration for a program of such short duration. Ms. Sandler responded that while the duration of authorization was short, the program has been extended many times and that the program continues to have strong support in Congress.

16. (SBU) On worker rights, Tran Thi Tuoc, Director of International Cooperation at MOLISA, asserted that the Vietnamese law protects labor rights. Vietnam has ratified five of the eight core conventions of the International Labor Organization (ILO), and Vietnam's Constitution and labor code guarantee worker rights, he said. Mr. Bisbee responded that both worker rights and IPR are, among others, clearly important issues in the GSP program.

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17. (SBU) Pointing out that the GSP statute forbids the beneficiary country from providing preferential treatment to products of other nations, one official stated such a restriction seems contrary to Vietnam's free trade agreements with other nations and bodies, including ASEAN. Sandler responded that the United States looks at these issues on a case by case basis and noted that included within this criterion is whether the preferences have a significant adverse effect on U.S. commerce. Another official asked what "fair and reasonable access" to Vietnam's markets meant, and Sandler responded that Vietnam's WTO membership will be an important consideration but it is also impossible to predict what concerns will be raised by public comments. Concluding the roundtable, Sandler urged Vietnam to provide responses to the GSP statute's criteria as fully as possible when the GVN sends its letter of application. Mr. Nguyen Hong Dzuong, Deputy DG of MOT's Trade Policy Department for Americas and moderator for the Vietnamese delegation, responded by saying that GVN will submit a formal written request for GSP consideration "shortly."

ILO: Improvements in Worker Rights

18. (SBU) Prior to the roundtable, Sandler met with Jan Sunoo, Chief Technical Advisor of the Vietnam Industrial Relations project. Sunoo noted the fluidity of the labor situation due to Vietnam's rapid urbanization and movement toward a market economy. He also noted recent improvements made regarding labor rights, even though citizens do "not technically" enjoy the freedom of association because Vietnamese law only permits unions affiliated with the Communist Party-directed Vietnam General Confederation of Labor (VGCL). Sunoo also noted that while Vietnam had not ratified three of the so-called eight "ILO Core Conventions" -- on the freedom of association, collective bargaining and forced labor -- the country had recently ratified ILO convention 29 and was due to ratify the second convention on forced labor "fairly soon." Vietnamese law does guarantee the right to strike. Moreover, Sunoo said VGCL does not exercise strong control over its affiliated unions. In the past, GVN has not punished workers for striking, even though almost

all of the 1,300 strikes since 1995 have technically violated the law for not following the labor code's legal process. Furthermore, Sunoo added that in November 2006, the government passed a new chapter of the labor law allowing non-unionized workers to represent themselves in labor disputes for the first time (Ref B). The government will also be re-writing its entire labor code in 2007 and 2008. These moves will have a large impact on the status of worker rights, he said.

World Bank: Cooperation

9. (SBU) Vivek Suri, Senior Economist at the World Bank office in Vietnam, expressed his interest in working with Sandler and USTR to help the United States to examine Vietnam's status relative to the GSP statutory economic criteria for beneficiary eligibility. Suri suggested several indicators, such as vulnerability of GDP to external shocks (including export diversification), and extent of poverty. Suri noted the GVN and World Bank have completed the 2006 household survey, but have not yet analyzed the data. GSP eligibility would benefit Vietnam, he indicated, because it would encourage diversification of Vietnam's exports. The country focuses heavily on wood products, apparel and shoes, and the GSP program would encourage firms to produce other goods -- generally helping to stabilize the economy.

10. (U) This cable has been cleared by USTR's Sandler and Bisbee.

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